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Mayor

Shelby County Government
Employee Benefits Office

160 North Main Street • Suite 949 • Memphis, Tennessee 38103 •
(901) 545-4483

TO: Shelby County Employees

FROM: The Shelby County Benefits Office

DATE: November 1, 2005

RE: MEDICARE PART D (prescription drug coverage)

Notice of Creditable Coverage

Important Notice from Shelby County Government about Your Prescription Drug Coverage and Medicare

Dear Shelby County Employees:

You may have heard about Medicare's new prescription drug coverage, also known as Medicare Part D, and wondered what this new coverage might mean to you. Beginning January 1, 2006, the new Medicare prescription drug coverage will be available to everyone eligible for Medicare.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 requires that we provide you with this notice of creditable coverage. Creditable coverage means that the prescription drug plan provided by Shelby County Government has been reviewed by our consultant to be, on average, at least as good as Medicare Part D.

In some cases, if you spend more than \$5,000 a year on drugs, combining a new Medicare Part D plan with your current Shelby County drug plan may save you money. We ask that you carefully review the prescription coverage for both Shelby County and Medicare to determine what best meets your needs.

Below you will find some answers to questions you may have regarding creditable coverage and how it relates to Medicare Part D plans.

(1) What do I need to do?

To stay with your current prescription drug coverage from Shelby County, *you don't have to do anything*; just keep using the coverage you have now. You can still use the same Express Scripts

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network, you'll keep the same affordable copayments for your prescription drugs and you don't need to go through an enrollment process. You're already enrolled in your current plan, which provides you with coverage that is, on average, at least as good as that offered under Medicare Part D.

(2) Why do I need to keep my notice of creditable coverage?

If you are satisfied with your prescription drug coverage from Shelby County, just keep using it as you do now. However, if after May 15, 2006, you consider enrolling in one of the many Medicare Part D prescription drug plans, you may be asked for a copy of this notice. This notice will let a Medicare Part D plan know that you have creditable coverage now, and are not required to pay a late enrollment penalty, which could result in a higher premium on your new coverage.

(3) What if I lose my notice of creditable coverage?

If you need another copy of your notice of creditable coverage, please call us at (901) 545-4483. You may also write to us at 160 N. Main St., Rm. 949, Memphis, TN 38103.

(4) Do I have to enroll in a Medicare Part D plan now?

No. You do not have to enroll in a Medicare Part D plan if you are satisfied with your current coverage. But you do have the option to enroll in one of Medicare Part D's many prescription drug plans from November 15, 2005 to May 15, 2006. If you choose to enroll in a Medicare Part D plan, that coverage will be available to you the first of the month after which you join.

(5) If I decide to enroll in a Medicare plan how will that affect my Shelby County Drug Plan coverage?

If you enroll in a Medicare Drug Plan (Medicare Part D) then Medicare will pay first and your Shelby County Plan will pay as your secondary insurance.

(6) What if I drop my coverage with Shelby County but don't enroll in a Medicare Part D plan?

If you drop your current coverage but do not enroll in a prescription drug plan approved by Medicare after your current coverage ends, you will have to pay full price for your prescription drugs. **YOU WILL NOT BE ABLE TO RETURN TO THE SHELBY COUNTY PRESCRIPTION DRUG PLAN.**

You may also have to pay more for Medicare prescription drug coverage later. If after May 15, 2006 you go for 63 days or longer without coverage that is, on average, at least as good as Medicare's prescription drug coverage, *your monthly premium under a Medicare plan will increase at least 1% for each month that you did not have coverage after May 15, 2006. This increase will be effective as long as you have Medicare prescription coverage.*

For example, if you do not have coverage for 19 months before enrolling in Medicare prescription drug coverage, your premium with a Medicare plan will always be 19% higher than what you would have paid if you had enrolled before May 15, 2006. *Also, you may have to wait until the next November 15 to enroll.*

(7) If I keep my current coverage with Shelby County, can I enroll in a Medicare Part D plan later?

Yes. You will have the opportunity to enroll in a Medicare Part D prescription drug plan every year from November 15 to December 31. *However, if you decide you want to enroll in a*

Medicare Part D prescription drug plan after December 31, be sure you're covered under Shelby County until your Medicare Part D coverage becomes effective.

(8) How can I get more information?

You will receive a copy of the handbook "Medicare and You 2006" from Medicare. This book contains more detailed information about Medicare plans that offer prescription drug coverage and will be available October 2005.

If you would like more information, you can find it by:

- Visiting www.medicare.gov.
- Calling your State Health Insurance Assistance Program (see your copy of the "Medicare and You" handbook for their telephone number).
- Calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. For more information about this extra help, visit the Social Security Administration Web site at www.socialsecurity.gov, or call them at 1-800-772-1213. TTY users should call 1-800-325-0778.

Be sure to keep this notice. You may be asked for a copy of this notice if you enroll in one of the new prescription drug plans approved by Medicare after May 15, 2006. This notice will let your new plan know that you are not required to pay a higher premium amount.